

AGENDA ITEM No:



Climate Action, Housing and Regeneration
Policy & Scrutiny committee

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Title: Management of Capital Programme (Housing)

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Cabinet Member Portfolio Housing www.westminster.gov.uk/cabinet

Wards Involved: All

Policy Context: For noting

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1. Executive Summary

This report provides an overview of how the Housing directorate manages and monitors its capital works programme of circa £50m for 2022-23 to the council's 20,836 (stock figure as Oct 2021) housing units.

It summarises the robust governance processes which are in place to monitor every aspect of the capital programme from the asset management to design, to delivery through to completion. This includes stakeholder consultation at every stage including resident engagement and how it aligns with the Council's priorities.

It also informs how the projects are managed operationally, financially and strategically.

Our Housing capital programme has an impact on our carbon footprint and recognises the impact our programme as part of the commitment to becoming a carbon neutral council by 2030 and a carbon neutral city by 2040. There is specific reference to this later in the report.

Additionally, it is recognised the Housing capital programme impacts on our residents quality of life, and therefore a separate piece of work is being carried out which is reviewing the end to end process for major works, including assessing resident communications and specifically improvements which can be made with leaseholder engagement.

2. Key Matters for the Committee's Consideration

1. The Committee is invited to note and comment on the contents of this report.
2. The Committee is invited to comment on how capital works programme in relation to housing can become more sustainable
3. The Committee is asked to scrutinise how the capital works programme in relation to housing is meeting council objectives.
4. The Committee is invited to comment on the challenges over the coming 18 months in managing leaseholder bills due to labour and material costs increasing due to external factors.

3. Background

The Capital Programme is defined for these purposes as the large, long term planned / cyclical capital investments in the Council's housing stock e.g. re-roofing; block-wide window installations; major decoration projects; as well as over-hauling key Mechanical & Electrical components e.g. lifts, heating systems etc. There is an agreed 5 year capital programme of works, which covers many building components. **(Appendix 1)**

These works are different to general repairs, which tend to be either reactive (e.g. individual boiler breakdowns) or annualised Planned Preventative Maintenance (PPM) (e.g. safety checks / regular cleaning of gutters).

The capital programme whilst broken into a number of categories e.g. fire prevention, mechanical & electrical, major works, voids etc. can be further split into two areas.

Business as Usual which requires ongoing annual investment into components requiring replacement or updating, e.g. lift renewal programme, Fire Risk Assessment Works, void re-servicing to approx. 400+ empty properties per annum, estate lighting etc.

Project and Major works, this covers elements which are brought to our attention to be replaced via our 30-year asset management strategy, which is informed via stock condition surveys, e.g. building components which need to be replaced as they have come to the end of their serviceable life, for example windows, roofs, doors, lifts and building services.

Overview of Westminster's Social Housing stock

Westminster Council has a housing portfolio of 20,836 (stock figure as Oct 2021) housing units. These comprise of individual street properties through to tower blocks of which the tallest has 21 storeys.

Due to its age, design and complexity the stock is challenging to manage. There are predominantly two types of tenure; tenants and leaseholders which currently comprises 55% tenants and 45% leaseholders. Compared to other London boroughs, the ratio of leaseholders is particularly high, and this can provide specific challenges when we carry out particular types of work and delivering the capital programme. Leaseholders are required to pay for their proportion of the works cost as dictated by the work carried out to their block or property and by the terms of their lease.

4. Financial Comments

The current iteration of the HRA Business Plan (approved by Cabinet in February 2022) includes provision for £315m worth of works to existing housing stock over the next 5 years.

The current programme is fully funded within the plan. It is reliant on a combination of funding sources, which can vary each year, as follows:

- **Major Repairs Allowance** – this is the statutory contribution from the HRA revenue budget (i.e. rents) that must be committed annually, as a minimum, to fund planned works. It is equivalent to the value of depreciation across the HRA asset base
- **Grants** – these are mostly in relation to the climate works programme
- **Leaseholder Contributions** – recharges to leaseholders for their share of planned works

- **HRA Borrowing** – any residual funding requirement come from available HRA borrowing capacity

The programme for 2022/23 is forecast to spend just under £50m (which is within budget). This would represent a 25% increase on the level of investment delivered in 2021/22.

5. Developing the Capital Programme

There are four ways in which the capital programme is prepared / influenced:

- Active Asset Management
- Planned Preventative Maintenance
- Stock-wide projects
- Out of Cycle Component Replacement.

a) Active Asset Management

The Asset Database holds the stock condition information which is updated periodically via the stock condition surveys. Each building/property is surveyed every 3 to 5 years along with 10% internally. This enables WCC's team to produce a high level 5 and 30 year programme. The teams work with the repairs team and other key stakeholders to review the asset needs.

These stakeholders include the housing team, ASB team, resident forums, complaints team and Councillors. The programme is also informed by the development and regeneration programmes to ensure work is not undertaken if not required.

Capital works can also be referred on an ad-hoc basis if a component has failed early and a new need has arisen; examples of these are a roof which can no longer be repaired, or where new security works are needed following increased cases of ASB. Refer to item d below for further detail.

On completion of any capital works the components in the database are updated to ensure they are programmed in for their next cycle.

Examples of the building component replacement cycles are listed below with the project priority scoring matrix illustrated in **Appendix 2**

| | |
|----------------------|----------|
| Lifts | 25 years |
| Doors | 30 years |
| Windows | 40 years |
| Internal Decorations | 12 years |
| External Decorations | 12 years |
| Kitchen | 30 years |
| Bathroom | 30 years |
| Domestic Boiler | 15 years |

b) Planned Preventative Maintenance

The process is further informed from the planned maintenance team working on specific blocks and estates. These will include, for example, regular clearing out and maintenance of roof gullies,, inspection of rainwater pipework, services etc; the aim being to move from more of a reactive maintenance regime to a proactive regime.

This process may, depending on the size of certain works packages, bring to our attention that some of these components require renewal/replacement and consequently fall into a future major works programme.

c) Stock-wide projects e.g. fire safety works or condensation works

There can be certain projects / themes that emerge, requiring alignment with the Major Works programme. Obvious examples are the current focus on fire-safety improvements and tackling condensation and mould.

These packages of works are reviewed alongside the stock condition surveys and existing projects within the programme, but often these works are urgent (e.g. impacting the health and safety of those occupying or visiting the blocks), and so are prioritised against the more cyclical nature of the Major Works programme.

In other words, unless a Major Works project to a block is imminent e.g. within 6-12 months, there is often little benefit / ability to hold-off these specific works until such time as major works start; a programme of works is then packaged up. For example fitting extract / ventilation fans to tackle condensation, or the implementation of fire-doors.

d) Out-of-cycle Component Replacement

Whilst we look to plan all capital expenditure in advance, there are situations when components fall outside of the usual cyclical programme and cannot be economically repaired. To combat this, a referral system has been implemented, whereby elements or larger projects are passed to the Asset Strategy team for consideration.

The referral is reviewed alongside the programmed works to the estate, also assessing the justification for the works and whether they are of an urgent nature. If they are required, and pre-programmed works cannot be brought forward, then an individual project will be created. A Client Brief is prepared for hand-over to one of the Term Contractors.

Project prioritisation

The projects contained within the programme go through scrutiny and a project prioritisation exercise emanating from our 3-5 year stock condition surveys and asset management strategy. A weighting is also allocated against each criterion and is subject to change depending on the prioritisation of the Council.

The current priorities and weighting applied at this time is as follows, and further information is also provided in **Appendix 2** to this report:

| | |
|--|-----|
| Health & Safety/FRAs | 20% |
| Resident Expectations/Councillor Enquiries | 20% |
| Repairs History | 20% |
| Project Stage | 15% |
| Carbon Emissions Reduction Potential | 15% |
| Historical Project Age | 10% |

The purpose of the rating strategy is to ensure that we are carrying out the right projects first and can provide reasoning to key stakeholders including residents and Councillors if projects need to be moved. This is essential especially when we are in a situation if projects are required to be moved back, in some instances, several years.

Naturally there are unexpected impacts to the programme which can generally be categorised as:

- Unexpected component failure e.g. roofs and heating systems
- Additional works following stakeholder engagement
- Wider impact of high leaseholder bills
- Councillor and key personnel input
- Delays of previous works and consequential delays to other projects within the programme
- Changing business priorities e.g. fire safety, BREXIT, Covid-19
- Leaseholder challenge and complaints

From the indicative 5-year programme, the asset management team will begin to develop a 'Client Brief' for a specific project 18/24 months prior to a proposed start on site date. The client brief is discussed in more detail later in this report.

Engagement is then carried out with Housing colleagues (e.g. local repairs and housing teams), as well as residents and Ward Councillors (see later information on resident engagement) to ensure that a comprehensive picture of need is developed.

Finally, for certain elements and situations, the team carry out 'net present value' calculations (considering the whole life cost of replacement versus repair over a 30 year period). In doing so, the team also consider product specifications i.e. different levels of quality and type of material (e.g. uPVC windows vs powder-coated aluminium windows).

The Client Brief is then handed over to one of the Term Partnering Contractors for processing through design stage and then for delivery on site.

The capital programme is reviewed, monitored, and reported on a monthly basis. Reports and minutes from these meetings enable the Council's leadership and management teams to monitor the progress and compared against the approved HRA Business Plan.

6. Major Works Contracting Arrangements

Prior to 2017, each project was individually tendered; which was inefficient, costly and time consuming; and often led to poor service and regular contractor disputes. Few positive long-term relationships were able to be built, and conversely, the regulations also meant that it was difficult for the Council to exclude some contractors who had previously performed badly.

To overcome this, it was agreed with the Council that 10-year 'Term Partnering Contracts' (TPCs) would be established for capital works, where the major works element of the capital programme was structured via a geographical split, essentially a North and South of the borough, with approximate similar budgets allocated to each area.

The intention being to:

- Avoid successive tendering, procurements, and waste across the programme; thereby
- Reduce the combined procurement and contract administration costs to below 10% (from circa 16%);
- Improve accuracy of programming and cost management;
- Establish relationships with contractors, driving consistent high performance;
- Exploit operational and practical expertise from the supply chain;
- Create a strategic environment with all providers focussed on mutual improvements and benefits;
- Maintain transparency with leaseholders over the development of projects;
- Build long term relationships to provide opportunities for staff and residents to invest in training and experience; and
- Over time, see cost savings for the HRA, and therefore leaseholders.

Our Service Providers are Axis Europe and United Living who are experienced contractors with a strong history in working with many local authorities covering a similar range of work.

Axis Europe

Axis Europe were awarded the contract covering the North of the borough, they are a large employer with over 800 members of staff covering a multiple area of work within their various divisions and work extensively throughout local government.

United Living

United Living Property Services cover the south of the borough and are a larger employer with over 1,100 members of staff assigned to their divisions; however they have a more diverse portfolio.

Both Service Providers have a wide and varied supply chain whom they work with to design and deliver our projects in both the North and South of the city.

7 Carbon Impact

The works undertaken in the Capital Programme will improve the performance of the stock, therefore reducing the carbon emissions to aim to become a carbon neutral council by 2030 and a carbon neutral City by 2040.

Elements will include roof, wall and floor insulation, windows, doors, new heating systems and lighting. PV panels are also being considered when roofs are replaced to offset carbon emissions in the housing stock.

- Within the main criteria for assessing the priority of major works, 15% of the project is assessed in regard to the environmental impact it will provide the society.
- The council submitted various bids to government to obtain grant funding to improve our carbon footprint. A recent example of this is a successful £3.2m bid to the Social Housing Decarbonisation Fund (SHDF) which will enable 360 properties to be improved from an EPC rating D to a minimum of EPC C. The aim however will be to get to as close as possible to an EPC B.
- We ensure that all our contractors and their respective supply chains have appropriate environmental and retrofit standards in place including PAS 2035. (PAS 2035 is relatively new over-arching document essentially providing a specification for the energy retrofit of domestic buildings).
- Leveraging energy efficiency measures in housing where possible e.g. Approximately 25% of all void properties receive fabric improvements to increase their SAP score to an EPC rating of B where possible.

Specific reference to Pimlico District Heating Undertaking is provided later in the report.

8 Delivering the Capital Projects

The process within the term contracts is generally designed around the recommended Royal Institute of British Architects (RIBA) Plan of Work. The detailed process and sequence from inception to completion of capital works contracts is shown in **Appendix 3** to this report.

In summary the term partnering contract agreed workflow is as follows:



(the above abbreviations are explained in the following section of this report)

Client Brief

A draft Client Brief is prepared by Asset Strategy and passed to the Major Works team for completion and issue to the Service Provider.

The developed Client Brief issued to the Service Provider will comprise e.g. independent condition surveys, repairs history, third party commissioned report to ensure that it is independent, cost plans, preliminary design strategy summary of works required etc.

The final Client Brief is approved for issue by Programme Board which is a group of senior technical managers within the division.

Project Execution Plan - PEP

The Service Provider is required to prepare and submit to the Client Representative a Project Execution Plan within four weeks of receipt of an authorised Client Brief.

The PEP will include, a design strategy, programme, resource plan etc. which informs the client representative of the Service Provider's intentions for the design, procurement and construction activities identified in any Client Brief.

Service Provider Proposal - SPP

Following receipt of any Pre Commencement Order (PCO), the Service Provider shall prepare and submit to the Client Representative a SPP in accordance with the agreed PEP.

The SPP comprises a detailed record of all information necessary for the Client or Client Representative to instruct the commencement of the Task works.

Notice of Estimate (NOE) – Section 20

The final SPP and recommendations are approved by the Programme Board for subsequent issue of the NOE to leaseholders and Pre-commencement Order to the Service Provider.

Commencement Order (CO) and start on site

The final SPP and recommendations are approved by the Programme Board for subsequent issue of a CO to the Service Provider.

Subject to leasehold observations received during the NOE period, the Client Representative issues the CO to the Service Provider in the format set out in the term contract based upon the Service Provider's agreed SPP.

The Service Provider will mobilise and commence works following receipt of a CO.

9 Operational Management of the works

The Capital Programme Team operates in a transparent basis, and this is captured and viewed in the following way:

- Scrutiny – The Processes and Procedures involved in delivering Major Works allows all aspects of the organisation to interrogate what we do and how it is done, and this manifests in our governance such as Project and Programme Board where any proposed Task is subject to interrogation of scope required and budgets assigned.
- Dashboard / Status Report - This an overview of Task events within a working month, and will capture progress on programmed work, Quality Management, financial reporting, Resident Engagement, Key Risks and Issues and a Strategic Look ahead for the next four weeks, but ultimately giving control of financial and operational reporting to WCC Officers to ensure budgets and targets are met.
- Monthly Meetings – These happen at varying levels; there are monthly site based Task lead meetings with both WCC and the Service Provider where daily resident engagement, operational/ commercial matters and Task Risk Registers are reviewed, and actions are issued as a result. There are also internal meetings within WCC where a more strategic view on our Tasks are discussed and this is information for discussion which is captured through the Status Reporting and Dashboards.
- Managers' Core Groups – These take place monthly and provide both parties the opportunity to formally review performance. All meetings are formally managed and minutes are taken with action and tasks. Typically this meeting covers: resources, performance against KPI's, health and safety, environmental aspects, social value etc.
- Housing Capital Review Group – This is a senior management meeting, where all major projects and divisional performance is presented and reviewed. This will include updates on monthly actuals, against forecast performance and end of year outturn.
- Cabinet Member Review – This is on a similar basis to the above, and monthly updates are presented by senior managers to our Cabinet Member for scrutiny and challenge where there may be requests to carry out a 'deep dive' into the progress of certain projects at various stages of the contract.
- Social Value - The service providers are held to account in several ways:
 1. Quarterly Social Value meetings which review specifically the key deliverables within the social value aspects of the contract
 2. Quarterly Strategic Alliance meetings, where all contractors attend and update on a wide range of topics, recent examples include, moving over to electric vehicles, attending schools and colleges to promote recruitment to the construction industry etc.

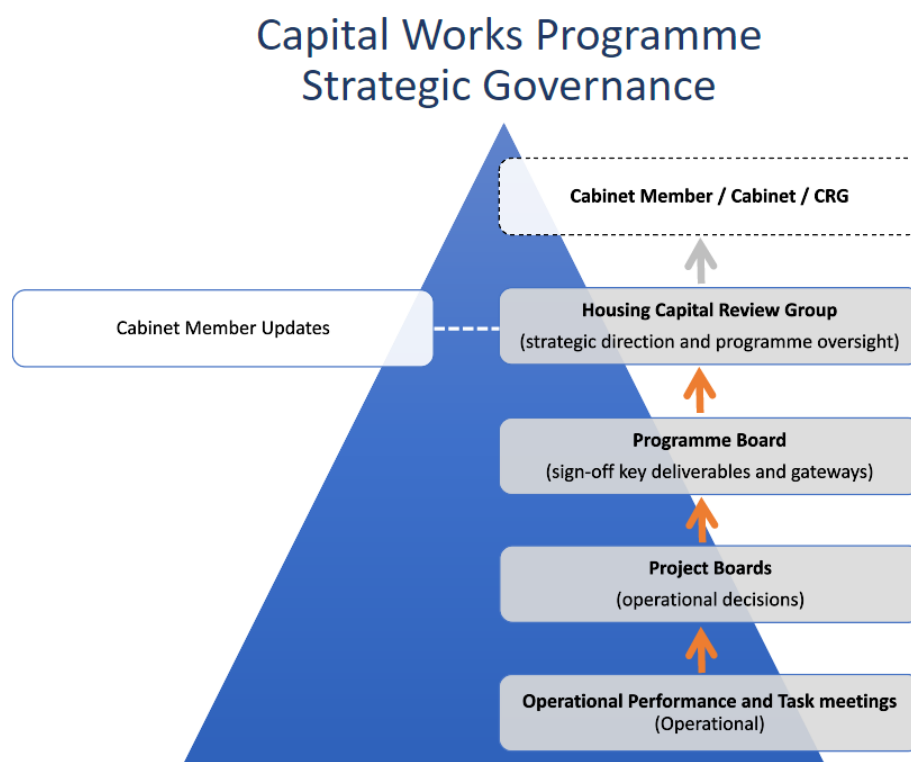
10 Governance processes and procedures

An end-to-end approval and governance process is in place to oversee the capital programme and individual project approvals, which starts at Client brief and follows

the RIBA 2013 stages through to completion of works. This process is overseen at various monthly meetings including project and programme boards which provide approval and oversight at key stages.

On an annual basis a high-level programme and budgets are set through the CPSR process and business plan submission which is monitored at monthly meetings between Finance and the Divisional Head of Housing Property.

The Housing Capital Review Board was introduced in the summer of 2020 to provide strategic direction and programme oversight, and ensure key decisions are noted and information communicated to stakeholders.



Reporting:

To ensure appropriate oversight and scrutiny of individual projects, a monthly monitoring reporting process is in place which includes the completion of monthly status reports by project teams. Status reports capture key project information and provide a summary of past/forthcoming activities, along with key financial information and a summary of risks and issues.

These monthly updates feed into Power-Bi dashboard reports which are presented at programme and strategic boards.

Dashboards

Over the last 12 months, work has taken place in partnership with the Corporate Programme Management Office (CPMO), to create and implement a version of the council's 'Innovation and Change' dashboard which includes both a project and

programme level view of the Capital Programme and ensures a consistent reporting format.

Work to refine and improve these dashboards is ongoing, with a particular focus on capturing resident feedback and engagement activities. Examples of the status report and previous/current dashboard views can be found in the attached appendix and background information.

More detail on reporting and dashboards can be found in **Appendix 9**.

Monthly Review Meetings

A summary of the monthly meetings can be found below, with the terms of reference illustrated in **Appendix 4**

Project Board (Monthly) – Chaired by Client Surveying Manager

The Project Board has collective responsibility for the technical review, scrutiny, strategy and allocation of tasks associated with the Client Brief process that informs the capital investment Programme. The Board is effectively the technical scrutiny body that feeds directly in to the Programme Board. All key teams are invited to attend including the asset team, major works team, lessee services team, housing team, repairs team etc.

Programme Board (Monthly) – Chaired by Divisional Head of Major Works and Sustainability

Programme Board has collective responsibility for strategy, allocation of tasks and implementation of 'work' comprising the HRA capital investment programme.

Housing Capital Review Group (Monthly) – Chaired by the Director of Housing

The purpose of the Housing Capital Review Group in summary is to:

- Agree and monitor the HRA capital expenditure
- Provide strategic direction and oversight to all capital spend
- Identify and prioritise initiatives, such as programmes or projects across the directorate, as part of the 5-year programme

Cabinet Member Review – Chaired by Cabinet Member for Housing

This occurs on a quarterly basis providing an overview of progress within the City. The programme and project updates are given to the Cabinet Member for Housing where issues can be raised if they are significant. This offers visibility and equally it is a platform for the Cabinet Member and or attending Councillors to voice any concerns and challenges.

11 Managing the Capital Programme Following the Pandemic and other Global Pressures

The cost of delivering the Capital Programme has been adversely impacted by the pandemic, Brexit and the situation within Ukraine.

The delivery of the programme is challenging. Over the last 12 months as came out of the pandemic and the arrangements which were put in place throughout Europe, we have seen how difficult it is for our contractors to recruit skilled and qualified trades operatives, as many operatives returned to their home countries during the pandemic and resource levels which has not fully returned to previous levels.

There is also a very buoyant construction market across the country, even more so in London, which has caused labour costs to increase.

Whilst many of our contracts have already been priced and costs are built in and secure, we can see in future contracts, labour costs increasing as the general cost of living increases.

The cost of materials has risen considerably in the last year with costs on some of our frequent material usage plasterboard, plastic, timber, cement, aluminium, copper etc all increasing.

This will have a knock-on effect to future programmes and ultimately to leaseholder's recharges. The capital programme team have endeavoured to minimise this impact by bringing forward tenant only works as a priority. For example, a major £2,200,000 programme for Devonshire House decorations and sprinkler system and has prioritised kitchens and bathroom to tenants' properties where possible.

A recent report published by the RICS (Royal Institute of Chartered Surveyors) Building Cost Information Service (BCIS) published confirmed that 'material supply to the UK construction industry is under severe pressure resulting in rising costs.

Due to the recent rise in inflation, we are aware that many suppliers have been asking for price increases, either because they are facing cost pressures or due to clauses in their contracts. As contract managers, we need to understand from suppliers what these requests entail before we grant them, and are fully validated as they can have a serious impact on the council's budget.

Whilst the Capital Programme is somewhat protected by the Council being in existing 10-year Term Partnering Contracts for the delivery of all projects, both Axis Europe and United Living report that they are unable to secure fixed prices for longer than 90 days, and without guarantee that the supply chain will be available to enter into contract or fulfil orders when the pricing and consultation process has concluded.

12 Communication and Resident Engagement on Major Works Projects

Following the new Housing restructure, a major aspect of the restructure was increased visibility of staff and improved resident engagement across Housing services.

The structure has enabled an increase of Resident Advocates to 9 where one of their roles will be to act as the conduit between our major works contractors, and residents whilst major works is taking place.

A major initiative which is almost complete is a full review of the end-to-end process of major works covering not only the technical aspects of delivering multi-million pound projects but also how we improve resident engagement, consultation and communication.

This has included reviewing our communications to residents ensuring consistency between both contractors, liaising better with leaseholders and removing the use of technical jargon from our letters.

Major works projects can be very disruptive with interruption to day-to-day life, they involve detailed planning and large sums of money, and residents do not always share the same views about what work should be done or when it should be done.

Within this context, communication and engagement on major works projects focuses on two areas - the five-year programme of work and specific projects within the programme.

5-Year Programme of work

At programme level, once the Housing Revenue Account Business Plan has been approved by the Council a five-year programme is published on the City Council's website and promoted widely via residents' associations, housing services newsletters and leaseholder specific updates.

The programme sets out a high level 'look ahead' of planned work by block or housing area. Although the detail of each project will not be known at this stage, it does outline the type of work within scope and the expected year for the work to start enabling residents to plan for projects.

Specific project communication and engagement

In terms of specific projects within the programme the process for communication and engagement, including the Council's commitments, is outlined in the *Guide to Major Works* in **Appendix 6**.

In addition, there is a specific guide for leaseholders which explains the statutory consultation for leaseholders, major works billing and payment options. The guide is called *Major Works Service Charges Explained*. **Appendix 7**.

In summary, there are four stages of any standard major works project:

1. Initial planning,
2. Detailed design and approvals,
3. Onsite work,
4. End of works – completion.

The standard communication and engagement across these stages covers a wide range of methods, including:

- Written updates including direct letters, FAQ guides, resident information / project packs, newsletters and posters.
- Published project documentation such as detailed plans and specifications.
- Online updates via project webpages including correspondence, documents and photographs.
- Resident meetings, both traditional face to face and online sessions.
- Ongoing engagement with recognised residents' associations.
- Formal leaseholder consultation via Section 20 Notice of Estimates.
- Home visits, one to one online calls or telephone calls.

Although the standard process is outlined above and in the *Guide to Major Works*, not all projects are standard and the engagement and communication can vary to suit the project scope, duration, level of disruption expected, costs and resident input.

To manage this there is a named Council team member responsible for coordinating engagement and communication with residents, acting as a point of contact linking all elements of a project together and advocating for residents throughout each stage of a project.

Once a project is onsite, there is an additional dedicated onsite contractor resource to act as the first point of contact for residents' queries. The engagement at this stage is primarily operational and based onsite, relating to the day-to-day management of the project works. The onsite resource continues to be managed and supported by the City Council team, with all onsite communication being approved by the Council.

In addition to the standard methods described above, there is the flexibility within each project to add to these and for residents to shape the ongoing engagement and communication to match their needs and expectations. Some examples of this include online collaboration with residents' associations via TEAMS, fortnightly email bulletins and weekly site walkabouts with the project team.

Complaints, Enquiries and Resident Satisfaction Surveys

Considering the vast sums of money and nature of the works being carried out, the number of complaints and formal councillor enquires on major works and asset strategy is extremely low. There are currently no live complaints regarding major works.

Resident satisfaction with major works is contracted to a specialist housing market research organisation and surveys are undertaken at 3 specific points within the process.

- i. Pre-start surveys to assess the quality of the consultation stage
- ii. On-site
- iii. Completion

The following projects are due to start so a percentage of residents will be receiving survey calls from Kwest in the very near future:

Onsite surveys:

AC103 - Wharncliffe Gardens – 280 units
AB109 - Grosvenor and regency – 360 units
X107 - Vale Royal – 117 units

Post completion surveys:

Z251B - Glastonbury House cladding and fire safety works – 162 units
AA103 - Fountain Court Fire Safety Works – 159 units
V120/ V120B – Lisson Green – 952 units

Our most recent surveys confirm satisfaction with major works as:

- Tenant satisfaction with major works – 84% from 326 tenant responses
- Lessee satisfaction with major works – 56% from 61 leaseholder responses

13 Legal Requirements regarding Capital Programme and Leaseholders

Apart from any consultation with leaseholders that is undertaken as good practice, there are legal requirements about consultation on major works and service contracts which must be observed if the landlord is to be able to recover the cost of the service in full (i.e. exceeding the £250 or £100 p.a. limits)

We will issue a Section 20 notice for any proposed works before an estimated bill is issued. This estimated major works charge is based on the service providers finalised full estimated cost for the works and will therefore be in line with the Section 20 Consultation Notice. Once the works are completed on site and after the defects period has ended a final account for the actual expenditure on the whole contract will be submitted

Below is a summary of the available *Methods of Payment*. **Appendix 8.**

- By phone with a debit card or credit card
- Direct Debit
- Online with debit card or credit card
- Standing order
- Post
- Direct to bank account (Via BACS)
- Service Charge Loans

Payments can also be made in instalments and the instalment options are as below and depend on how you need to pay:

| | |
|---------------------|--|
| 1.1 INVOICE AMOUNT | 1.2 PAYMENT OPTIONS AVAILABLE |
| 1.3 £200 – £2000 | 1.4 If the bill is under £2,000 you can spread your payments over a year in 12 equal monthly payments 1.5 No interest or administration fee will be payable |
| 1.6 £2000 AND ABOVE | 1.7 If you receive a bill for more than £2,000 you can spread payments over two years in 24 equal monthly payments 1.8 No interest or administration fee will be payable |
| 1.9 £5000 AND ABOVE | 1.10 If you receive a bill for more than £5,000 you may be able to spread payments up to five years 1.11 To be eligible you must live in your property as your main home and not own any other property 1.12 Years one and two no interest will be charged 1.13 Years three, four and five interest will be charged at one per cent above the Bank of England base rate 1.14 An administration fee will be payable at the beginning of the scheme. |

14 Capital Programme and Fire Safety

Following the Grenfell fire tragedy, the council took immediate steps to review the management of fire protection and prevention. This, together with acknowledging the recommendations from the Dame Judith Hackett and Sir Martin Moore-Bick reports, required the entire capital programme to be reviewed to address these recommendations.

This resulted in approximately 40% of capital budget being diverted to fire safety related projects as these were being prioritised. This meant the re-programming of many contracts and the knock-on effect resulted in many contracts being delayed several months or years to enable this to be accommodated.

This has caused additional pressures in having to re-consult with residents, serving the necessary Notices resulting in the annual budget spend to the programme. The division is currently assessing the requirements from the impending Building Safety Bill, which will be incorporated into the projects via risk assessments.

In addition, the Housing restructure has strengthened this entire area of fire safety with dedicated Fire team, supported by surveyors specialising within fire prevention and safety.

15 Capital Programme and Carbon Reduction Works

We have presented and held workshops with Core contractors and held follow up workshops to agree targets. Our contractors have now invested in training and recruitment of the specialisms we now require in PAS 2035 (the standard for retrofit works) and our future plans to electrify the heating of our stock as much as practical.

We have recently fully retrofitted a ground floor one bed flat at Bravington Road. A variety of energy efficient and carbon reduction measure has been implemented including secondary glazing, internal wall and floor insulation, installation of an air source heat pump and hot water waste recycling system.

Our void standard now includes fabric improvements to the worst performing homes. To date 207 have been completed with a further 18 in progress. As pilots of new low carbon heating systems are successfully trialled, these systems will be added to the standard where appropriate.

Communal heating systems requiring replacement in the Capital Programme include an assessment of potential low carbon heating systems. Any opportunities for grant funding will be pursued, such as the Green Heat Network Fund.

Roof replacement schemes now consider the cost benefit of installing PV panels providing clean heat to the national grid and the carbon offsetting that it can provide.

Similar to the fire prevention, the Housing restructure has resulted in a new Sustainability department being created, which includes all aspects of carbon reduction within the existing stock and built environmental, as well as environmental measures. The majority of the new team will be in place by October 2022.

Their role will include ensuring that from our capital programme we maximise the benefits relating to carbon reduction from the contracts.

The new department submitted an application to the Department for Business, Energy and Industrial Strategy (BEIS), and were successfully awarded grant funding of £3.2m from the Social Housing Decarbonisation Fund Wave 1, which enables 360 properties to be improved from an EPC rating of D to a minimum of C, if not a B rating.

Our most recent update on 31st July 2022 we have retrofitted over 200 properties and we are well ahead of our target to complete 360 properties by 31st March 2023.

Monthly performance meetings are in place with the Dept of Business Environment and Innovations (BEIS) who monitor our progress across various criteria.

It is quite evident from these meetings how pleased and impressed the representatives from BEIS are with Westminster's performance compared to other local authorities.

The government has recently announced Wave 2 funding where the criteria will be published in October and submissions will be submitted by end of November.

16 PDHU Decarbonisation plans

A major options paper is currently being drafted which will present various options for consideration by October 2022 regarding the circa 3,300 properties served by PDHU.

The paper will review all options available to be considered with costed appraisals including the level of capital investment necessary, reduction in carbon usage for

each option, estimated future fuel bills for residents and will be independently assessed by industry specialists.

In addition to these decarbonisation plans for PDHU, there are significant Investments required to the network and in-flat heating distribution. These will be included in the study in order that a strategic plan for future PDHU investment is produced.

17 Conclusion

The management of the capital programme can sometimes be complex and challenging, it is therefore, necessary to have embedded processes and rigour into the operational and financial management throughout the process.

This report is intended to provide the committee with this reassurance from inception to completion of projects, as well as demonstrating the engagement with key stakeholders throughout.

If you have any queries about this Report or wish to inspect any of the Background Papers, please contact Jim Paterson
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APPENDICES AND BACKGROUND PAPERS:

- 1 – Current 5 year Capital Programme
- 2 - Project priority scoring matrix
- 3 – Delivering the Capital Projects and RIBA Plan of Work
- 4 – Monthly meetings and their Terms of Reference
- 6 – Guide to Major Works Projects – April 2021
- 7 - Major Works Service Charges Explained
- 8 - Methods of Payment
- 9 – Capital Works Programme Gov and Reporting summary for P&S